

Registered number: 11872576

**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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The following pages do not form part of the statutory financial statements:

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	H Crossley G Jackson S Jones J Smith
<b>Registered number</b>	11872576
<b>Registered office</b>	3rd Floor South Building 200 Aldersgate Street London EC1A 4HD
<b>Independent auditor</b>	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

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## **EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors submit their annual report and the audited financial statements of Equitix MA 10 Capital Eurobond Limited (the "Company"), for the year ended 31 December 2020.

#### **RESULTS AND DIVIDENDS**

The Company's performance reflects the position under the various inter-company and inter-group agreements that have been put in place during the year, and the ongoing performance and value of the investment portfolio. Please refer to the Strategic Report for further detail.

#### **DIRECTORS**

The Directors who served throughout the year are shown on page 2.

#### **GOING CONCERN**

The Company's forecasts and projections taking account of reasonably possible changes in trading performance, and the net current asset position of the Company, show that the Company should be able to operate within the level of its current resources. The Company's going concern is dependent upon performance of the entities within the group. The Company has obtained a letter of support from its ultimate parent. After making enquiries, the Directors have a reasonable expectation that the Company and its parents have adequate resources to continue in operational existence for the foreseeable future, and for a minimum of 12 months from the date of signing of this report, despite any economic uncertainties. In forming this conclusion, the following has been taken into consideration:

- all committed investments of the Company and its subsidiaries holding companies are covered by commitments from the partners of Equitix MA 10 LP ('the Fund');
- the Company has limited other outgoings and funding can be drawn down from the Fund's partners if required to meet these obligations; and
- the Fund financial model, which consolidates the returns from the Company's investment portfolio.

The Directors of the Company have considered the impact of the COVID-19 global pandemic which has arisen in 2020 when preparing these financial statements. Refer to Note 2 Accounting Policies.

#### **FUTURE DEVELOPMENTS**

Details of future developments can be found in the Strategic report on page 6 and form part of this report by cross-reference.

#### **FINANCIAL RISK MANAGEMENT**

The Company's management of financial risks including interest rate, credit and liquidity risk during the year are detailed in note 15.

#### **AUDITOR**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**AUDITOR (continued)**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.



**J Smith**  
Director

Date: 1st October 2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgments and estimates that are reasonable, relevant and reliable;*
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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## **EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **PRINCIPAL ACTIVITIES**

Equitix MA 10 Capital Eurobond Limited (the "Company") was incorporated in England and Wales on 9 March 2019 and issued 101 ordinary shares of £1 each.

The principal activity of the Company is to act as a holding company for the Equitix MA 10 LP investments in a regulated gas distribution network in Northern Ireland.

#### **BUSINESS REVIEW**

The Directors have considered the outcome of the UK's exit from the European Union on 31 January 2020, the transitional period which remains in place to 31 December 2020 and a number of potential outcomes arising thereafter. The Directors believe that the Company has sufficient reserves and business controls to address any financial impact of these outcomes for the foreseeable future and has decided there is no requirement for a specific provision in the accounts.

#### **KEY PERFORMANCE INDICATORS**

The key performance indicators for the Company are primarily client and financially focused; including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by the local authority;
- the progress of the project company;
- the comparison of actual cash flows costs to those that have been forecast;
- the value of investment held in association with the expected future cash flows; and
- that the project is operating and performing within the restrictions of all project documentation.

The profit for the year is shown on page 12 in the Statement of Total Comprehensive Income. This shows a profit before tax of £4,539k (2019: £2,388k) and a net finance expense amounting to £1617k (2019: £Nil). The profit for the year includes an increase in the fair value of the investments of £5,360k (2019: £296k). The Directors do not recommend the payment of a dividend (2019: £nil).

#### **FUTURE DEVELOPMENTS**

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease; the Company will continue to act as a holding Company for Equitix MA 10 LP's PFI asset.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company has entered into inter-company loan agreements with a related group entity and with its subsidiaries. A principal risk is the Company not receiving interest payments in order to make interest payments to the lender company. Therefore, the Company's main concerns are attributable to the sound operation of the underlying PFI infrastructure asset, ensuring that the modelled cash flows, made up of, but not limited to, subordinated debt principal repayments, subordinated debt interest payments, dividends and other fees are indeed received. The Company will monitor actual and projected cash flows to ensure that the returns are as expected. In addition, the Company will also look to optimise returns from the underlying infrastructure assets through achieving efficiencies at project level and by maximising synergies at portfolio level.

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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This report was approved by the board and signed on its behalf.



**J Smith**  
Director

Date: 1st October 2021



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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### **Opinion**

We have audited the financial statements of Equitix MA 10 Capital Eurobond Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Total Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 10 CAPITAL EUROBOND LIMITED

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### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as inquiring whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of the meetings of the Directors; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is nonjudgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year end closing journals.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, money laundering and GDPR compliance recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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### **Fraud and breaches of laws and regulations – ability to detect (continued)**

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and Directors' report**

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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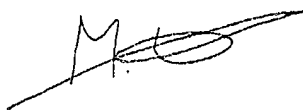
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Mathew Williams (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date: 1st October 2021

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**STATEMENT OF TOTAL COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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			For the period 9 March 2019 to 31 December 2019
	Note	2020 £000	2019 £000
Investment income	7	3,829	2,356
Fair value gain on investments	10	5,360	296
<b>Operating profit</b>		<b>9,189</b>	<b>2,652</b>
Finance costs	8	(4,650)	(264)
<b>Profit before tax</b>		<b>4,539</b>	<b>2,388</b>
Tax	9	-	-
<b>Profit after tax</b>		<b>4,539</b>	<b>2,388</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>4,539</b>	<b>2,388</b>

All the above items relate to continuing operations.

The notes on pages 17 to 33 form part of these financial statements.

**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**  
**REGISTERED NUMBER: 11872576**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value	10	83,684	26,309
		<u>83,684</u>	<u>26,309</u>
<b>Current assets</b>			
Trade and other receivables	11	2,445	2,092
		<u>2,445</u>	<u>2,092</u>
<b>Total assets</b>		<u>86,129</u>	<u>28,401</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	14	78,185	25,013
		<u>78,185</u>	<u>25,013</u>
<b>Current liabilities</b>			
Trade and other payables	13	17	-
		<u>17</u>	<u>-</u>
<b>Total liabilities</b>		<u>78,202</u>	<u>25,013</u>
<b>Net assets</b>		<u>7,927</u>	<u>3,388</u>

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**  
**REGISTERED NUMBER: 11872576**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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	Note	2020 £000	2019 £000
<b>Equity</b>			
Share capital	15	-	-
Share premium		1,000	1,000
Retained earnings		6,927	2,388
<b>Shareholder's funds</b>		<u>7,927</u>	<u>3,388</u>

The notes on pages 17 to 33 form part of these financial statements.

The financial statements of Equitix MA 10 Capital Eurobond Ltd, registered number 11872576, were approved by the Board of Directors and authorised for issue and were signed on its behalf by:



**J Smith**  
Director

Date: 1st October 2021

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 January 2019</b>	-	-	-
Profit for the year	-	2,388	2,388
	-	2,388	2,388
<b>Total comprehensive income for the year</b>			
Issue of share capital	1,000	-	1,000
<b>Total contributions by and distributions to owners</b>	1,000	-	1,000
<b>At 31 December 2019</b>	1,000	2,388	3,388
<b>At 1 January 2020</b>	1,000	2,388	3,388
Profit for the year	-	4,539	4,539
	-	4,539	4,539
<b>Total comprehensive income for the year</b>			
<b>At 31 December 2020</b>	1,000	6,927	7,927

The notes on pages 17 to 33 form part of these financial statements.



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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Company does not have a bank account and therefore has no cash transactions (2019: none).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. GENERAL INFORMATION**

Equitix MA 10 Capital Eurobond Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England and Wales in the UK under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 6. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates. Monetary amounts are rounded to the nearest £'000.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the year, are set out below.

The financial statements are prepared on the historical cost basis except for investments measured at fair value.

The Company qualifies as an Investment Entity (Amendments to IFRS 10, IFRS 12, and IAS 27) on the basis of the following criteria:

- i) the Company obtains funds from multiple ultimate investors for the purpose of providing those investors with investment management services;
- ii) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- iii) the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

As such it is required to account for its investments at fair value through profit and loss and hence has not prepared consolidated financial statements.

Joint ventures are those entities over which the Company has significant influence and joint control as defined in IAS 28 'Investments in Associates and Joint Ventures'. By virtue of the Company meeting the definition of a fund management company and the wholly-owned subsidiary of an investment fund and the exemption provided by IAS 28, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit and loss.

**2.2 Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company's going concern is dependent upon the performance of the entities within the group, and it has obtained a letter of support from its ultimate parent committing to meet any obligations as they fall due, if the entity is unable to meet them, for a period of at least 12 months from the date of approval of the Financial Statements.

The Directors have the reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future when considering that all committed investments are covered by commitments, the limited outgoings of the Company, levels of undrawn commitments and unutilised credit facilities, and forecast covenant compliance associated with the Company's credit facilities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. ACCOUNTING POLICIES (continued)**

**2.2 Going concern (continued)**

The Directors of the Company has also considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bond markets. The main risk resulting from COVID-19 for the Company is in respect of the impact on the valuation of investments held at fair value through profit and loss. The Directors of the Company have considered the impact on the Company of potentially lower valuations and does not consider there to be any significant impact on the going concern basis of preparation of financial statements.

Whilst the Company holds a single asset investment, the investment has a high degree of revenue backed by the government. Therefore, the Directors have considered that no severe but plausible downside event would prevent the Company being able to meet its liabilities as they fall due. In conjunction with this assessment, the Directors believes that the Company has sufficient resources to address severe but plausible financial impacts and therefore the Company considers there is no significant impact on the going concern basis of preparation of these financial statements.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**2.3 Revenue**

*Interest income*

Interest income is recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Income from participating interests*

Income from participating interests is recognised when the shareholders' rights to receive payment have been established and received.

**2.4 Borrowings**

Borrowings are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**2.5 Borrowing costs**

All borrowing costs are recognised in the Statement of Total Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. ACCOUNTING POLICIES (continued)**

**2.6 Taxation**

The tax expense represents the sum of tax currently payable and deferred tax

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the Statement of Total Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

*Deferred tax*

Deferred tax is provided on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable loss. The amount deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable Company, and the Company intends to settle its current tax assets and liabilities on a net basis.

**2.7 Investments**

Investments are measured at fair value through profit or loss. See note 3 for information about the methods used and key inputs.

**2.8 Receivables**

Trade receivables and other receivables that are non derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'amortised cost'. These financial instruments are measured at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Estimates**

*Inter-company agreements - Interest rate*

On 12 November 2020 the Company was formally admitted to the Official List of The International Stock Exchange ("TISE") and given approval to issue £77,040k of unsecured loan notes.

The loan notes are due in September 2044 and carry an interest rate of 12% and interest payable can be settled by actual payment or by the issue of unlisted Payment in Kind notes. These notes were issued to replace the existing intercompany loans between the Company and Equitix MA 10 Finco Limited.

The Directors consider that those debt terms are still comparable to the applicable terms for similar listed debt instruments in the current market so, therefore, the Directors believe that the book value of the loan note value in these financial statements approximates fair value at the Statement of Financial Position date.

*Investments at fair value through profit or loss*

The Company holds share capital of, and owns debt due from, several subsidiaries, which in turn own a portfolio of invested companies and their associated intermediate holding companies. The fair value of investments is determined by valuing the underlying portfolio invested companies and intermediate holding companies.

The transaction price of any transactions within 3 months of the measurement date are used as an estimate of fair value as the directors judge this to be a reasonable indicator.

Otherwise, the fair value of the investment in aggregate is calculated by discounting total future cash flows from the investments. Where the interest rate of the debt element of the investment is considered not to reflect market rates at the date of valuation, then in order to separately disclose the fair value of the debt a market debt rate is determined and applied to the separate debt cash flows.

The principal drivers of internally prepared valuations are therefore:

- i) expected future net cash flows; and
- ii) the discount rate to be applied.

Future cash flows involve a degree of uncertainty in terms of their amount and timing. Cash flows in the underlying investments are exposed to risks in relation to deductions that may be made by the relevant procuring party in relation to performance conditions, demand, availability and inflation.

(i) Future cash flows are the future distributions expected to be received by the Company from its investments. Future distributions involve a degree of uncertainty in terms of their amount and timing as cash flows in the underlying Investments are exposed to risks, for example, in relation to deductions that may be made by the relevant Government Authority in relation to performance conditions and macro-economic changes. These cashflows are based on the latest financial model available for each investment. These are updated for actual figures periodically and, for levered investments, reviewed by senior debt providers; as such these provide the most reliable estimate of future cash flows. The Investment Manager updates these financial models for the latest macroeconomic forecasts to ensure consistency across the Company's portfolio.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(continued)

Estimates (continued)

If the expected future net cash flows were decreased or increased by 10%, with all other variables held constant, the impact on the value of financial assets would be a £8,368k (2019: £2,631k) loss or gain respectively.

(ii) Discount rates are based on a risk-free rate adjusted by an appropriate premium to reflect the specific risks of the investment. The risk-free rate is derived from UK government bond rates for the 24-month average yield-to-maturity matching individual investment life. During the year, the Company changed the methodology for determining risk-free rate used for this purpose. In previous years, risk-free rate was taken to be the UK government bond rate matching the portfolio maturity profile. The Directors believe that the new method is more appropriate as it better represents the risk-free profile of each individual asset.

A discount rate premium is then calculated considering multiple factors pertaining to the specific risk of the investment, including base infrastructure risk, construction risk (if applicable), duration risk due to an extended project life, sector specific risks, and any project specific risks.

The discount rates used for the 2020 valuation were 8.45% (2019: 8.74%). An increase or decrease in the discount rates applied by +/-1% would have resulted in an increase by £11,289k (2019: £10,465k) or decrease in fair value of the investments by £9,480k (2019: £8,803k).

The estimate of fair value may vary from the price achieved in an actual sale as potential acquirers may use different valuation criteria for their own strategic reasons.

In addition, the following economic assumptions were used in the discounted cash flow valuations:

UK inflation rate	3% for 2020, long term 3%
UK deposit interest rates	0.2% for 2020, long term 1%
UK corporation tax	19% for 2020, long term 17%

Judgements

*Deferred tax*

The Company has not recognised deferred tax on the temporary difference between the fair value of the investment and its tax base because the Directors are of the view that the fair value of the subordinated debt component of the investment approximates to its nominal value and so any movement in fair value is attributable to the equity component only. In this case there would be no taxation arising because the value of the equity component will be realised through the receipt of non-taxable dividends and/or by a sale for which reliefs from taxation will be available.

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## EQUITIX MA 10 CAPITAL EUROBOND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 4. INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED STANDARDS

A number of new standards are effective 1 January 2020 but do not have a material effect on the Company's financial statements. The notable new standards are listed below:

- Definition of a Business (Amendments to IFRS 3)
- Amendments to References to the Conceptual Framework in IFRS Standards and Revised Conceptual Framework
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Covid-19 Related Rent Concessions (Amendments to IFRS 16)

The Directors do not expect that the adoption of the other standards listed above will have a material impact on the Company in future periods.

#### 5. OPERATING PROFIT

The operating profit of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix MA 10 Capital Eurobond Limited of £12k (2019: £10.6k) has been borne by Equitix MA 10 LP who will not seek compensation from the Company. There were no non-audit fees paid to the auditors (2019: £nil).

#### 6. DIRECTORS' REMUNERATION

No staff were directly employed by the Company (2019: none).

No Directors received any remuneration for services to the Company during the year. The Company is managed by secondees from Equitix Limited. No recharge for services rendered has been made during the year (2019: £nil).

#### 7. INVESTMENT INCOME

		For the period 9 March 2019 to 31 December 2019 £000
	2020 £000	2019 £000
Interest income	3,033	264
Dividend income	796	2,092
	<u>3,829</u>	<u>2,356</u>

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. FINANCE COSTS**

		For the period 9 March 2019 to 31 December 2019 £000
Interest expense	4,650	264

**9. TAX**

		For the period 9 March 2019 to 31 December 2019 £000
Current tax	-	-

The differences between the total current tax and the amount calculated by applying the average rate of UK corporation tax to the loss before tax are as follows:

		For the period 9 March 2019 to 31 December 2019 £000
Profit before tax	4,539	2,388
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	862	454
Income and fair value movements not subject to taxation	(1,170)	(454)
Tax loss not utilised	308	-
<b>Total tax expense for the year / period</b>	<b>-</b>	<b>-</b>

**Changes in tax rates and factors affecting the future tax charges**

The March 2021 Budget announced that an increase in the UK corporation tax rate from 19% to 25% would apply from 1 April 2023. This will increase the Company's future current tax charge accordingly.



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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. INVESTMENTS**

		For the period 9 March 2019 to 31 December 2019 £000
	2020 £000	£000
Opening balance	26,309	-
Acquisition	52,027	26,013
Movement in accrued interest of debt element	(12)	-
Fair value gain on investment	5,360	296
<b>Closing balance</b>	<b>83,684</b>	<b>26,309</b>

The investment comprises a debt element and an equity element as follows:

		For the period 9 March 2019 to 31 December 2019 £000
	2020 £000	£000
Debt	77,040	25,013
Equity	6,656	1,296
Unpaid interest of debt securities	(12)	-
	<b>83,684</b>	<b>26,309</b>

The debt element carries a coupons of between 3.50% and 5.77% (2019: none) and is repayable in 2044.

Investments are generally restricted on their ability to transfer funds to the Company under the terms of the senior funding arrangement for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the company;
- Project performance is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

A list of subsidiaries and joint ventures of the Company can be found in note 18 of these financial statements.

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. RECEIVABLES**

	2020 £000	For the period 9 March 2019 to 31 December 2019 £000
Trade and other receivables	2,445	2,092
	<u>2,445</u>	<u>2,092</u>
<b>Included on the Statement of Financial Position as follows:</b>		
Current	2,445	2,092
	<u>2,445</u>	<u>2,092</u>

The carrying amount of these assets is considered to approximate their fair value due to its short term nature. There are no past due or impaired receivable balances.

**12. ACQUISITION OF FAIR VALUE THROUGH PROFIT AND LOSS INVESTMENTS**

During the year, the Company entered into further loan agreements with Equitix MA 10 Finco Limited of £52,027k (2019: £25,013) for purposes of investing in a new project.

**13. PAYABLES**

	2020 £000	For the period 9 March 2019 to 31 December 2019 £000
Interest payable	17	-
	<u>17</u>	<u>-</u>
<b>Included on the Statement of Financial Position as follows:</b>		
Current	17	-
	<u>17</u>	<u>-</u>

The carrying amount of these liabilities is considered to approximate their fair value due to its short term nature.

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. BORROWINGS**

	2020 £000	For the period 9 March 2019 to 31 December 2019 £000
12% Unsecured Eurobonds	77,040	25,013
Loan from subsidiaries	1,145	-
	<u>78,185</u>	<u>25,013</u>
	2020 £000	For the period 9 March 2019 to 31 December 2019 £000
<b>Included on the statement of financial position as follows:</b>		
Non-current	78,185	25,013
	<u>78,185</u>	<u>25,013</u>

Loans from Eurobond comprise £77,040k of Eurobond Loan Notes, listed on The International Stock Exchange on 26 September 2020. The loan notes are unsecured, have an interest rate of 12% and fall due for repayment on 26 September 2044.

**15. SHARE CAPITAL**

	2020 Number	2020 £	2019 Number	2019 £
<b>Authorised, issued and unpaid</b>				
Ordinary shares of £1 each	101	101	101	101
	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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## EQUITIX MA 10 CAPITAL EUROBOND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 16. FINANCIAL INSTRUMENTS

##### Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company borrowings are as disclosed in note 13, equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Change in Equity and note 14. The Company is not subject to any externally imposed capital requirements.

Categories of financial instruments

	2020 £000	2019 £000
<b>Financial assets</b>		
<b>Fair value through profit and loss</b>		-
Investments	83,684	26,309
Other receivables	2,445	2,092
	<hr/> 86,129	<hr/> 28,401
<b>Financial liabilities at amortised cost</b>		
Borrowings	78,185	25,013
Interest payables	17	-
	<hr/> 78,202	<hr/> 25,013

##### Financial risk management

##### *Risk management objectives*

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.

The Company does not enter into financial derivative contracts. The Company follows the Equitix MA 10 LP Group's policies approved by the board of Directors. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

##### *Market risk*

The Company's activities expose it primarily to the financial risks of interest rates and performance risk.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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16. FINANCIAL INSTRUMENTS (continued)

*Interest rate risk management*

The Company has limited exposure to interest rate risk from intra group loans as the underlying borrowings are at a fixed interest rate. Therefore the Company has limited exposure to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

*Interest rate sensitivity analysis*

The Company has no exposure to interest rate risk from intercompany loans because the loans held with Equitix MA 10 Finco Limited have a fixed interest rate of 12%.

*Performance risk management*

Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cash flows as expected. This risk is mitigated through the contractual structure of the projects, whereby deductions or non-performance are passed down to the facilities manager, operations and maintenance provider or construction subcontractors.

*Credit risk management*

The Company is exposed to credit risk in respect to its current assets as outlined in the Statement of Financial Position through possible default of the relevant counterparty. The maximum gross exposure to credit risk, before credit enhancements and other mitigates, is represented by the carrying amounts of the financial assets that are carried on the Statement of Financial Position. This risk is mitigated through a combination of diversification of exposures across multiple projects and sectors, the majority of credit counterparties for projects being government, government backed or quasi government bodies, and the presences of collateral and credit enhancements at the project level including charges over, or ownership of, physical assets. This risk is therefore not considered to be significant.

The Company's subsidiaries and investments transact with creditworthy infrastructure companies that have a cash flow derived from projects in agreement with government or semi government authorities.

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**16. FINANCIAL INSTRUMENTS (continued)**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on undiscounted cash flows of financial liabilities based on the earliest date the Company could be required to satisfy borrowing repayments. The table includes principal repayment and assumed interest cash flows:

**Liabilities**

	<b>2020 £000</b>	<b>2019 £000</b>
<b>Less than 1 year</b>		
Interest payable	4,429	5,179
Borrowings	-	-
	<u>4,429</u>	<u>5,179</u>
<b>1-5 years</b>		
Interest payable	15,147	15,323
Borrowings	-	-
	<u>15,147</u>	<u>15,323</u>
<b>5+ years</b>		
Interest payable	281,373	148,678
Borrowings	78,185	25,013
	<u>359,558</u>	<u>173,691</u>
<b>Total</b>		
Interest payable	300,950	169,180
Borrowings	78,185	25,013
	<u>379,135</u>	<u>194,193</u>

## EQUITIX MA 10 CAPITAL EUROBOND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 16. FINANCIAL INSTRUMENTS (continued)

##### Fair value of financial instruments

The Company measures investments at fair values. The following hierarchy classifies each class of financial asset or liability depending upon the valuation technique applied in determining its fair value:

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities, where inputs are observable;
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) where inputs are directly or indirectly observable; and
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data, where the inputs are unobservable.

Investments comprise both debt and equity investments. Both debt and equity investments are considered a Level 3 valuation. See note 3.

There have been no transfers between these categories in the current year.

The key assumptions used in determining the fair values of investments and a sensitivity analysis is disclosed in note 3.

#### 17. RELATED PARTY TRANSACTIONS

<u>Statement of Total Comprehensive Income</u>		2020	2019
		£'000	£'000
Related party	Transaction description		
Equitix MA 10 Finco Limited	Interest expense	(4,633)	(264)
Equitix Rory HK Limited	Interest income	3,033	264
Equitix Rory HK Limited	Dividend income	796	2,092
		<u>(804)</u>	<u>2,092</u>

		Amounts owed by related parties	Amounts owed by related parties	Amounts owed to related parties	Amounts owed to related parties
<u>Statement of Financial Position</u>		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Related party	Transaction description				
Equitix MA 10 Finco Limited	Loan notes	-	-	(77,040)	(25,013)
Equitix Rory HK Limited	Loan notes	77,040	25,013	(1,145)	-
Equitix MA 10 Finco Limited	Other receivables	2,445	2,092	-	-
Equitix Rory HK Limited	Interest creditor	-	-	(17)	-
		<u>79,485</u>	<u>27,105</u>	<u>(78,202)</u>	<u>(25,013)</u>

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**18. ULTIMATE PARENT**

The Company's immediate parent Company is Equitix MA 10 Holdco Limited, a Company incorporated in Guernsey. The registered address is PO BOX 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB. The Company's ultimate parent and controlling entity, is Equitix MA 10 LP, a limited partnership registered in England and Wales. The registered address is 3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD. The Company's results are not consolidated as the Company and its ultimate parent entity meet the criteria of Investment Entities under IFRS 10. The Company's parent does not prepare consolidated accounts.



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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**19. SUBSIDIARIES AT 31 DECEMBER 2020**

<b>Company name</b>	<b>Percentage of shares held</b>	<b>Number and class of shares held</b>	<b>Principal activity</b>	<b>Registered Address</b>
Equitix Rory HK Limited	100%	1,000,000 ordinary £1 shares	Holding company	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Equitix Rory Topco Limited	47.74%	1,000,000 ordinary £1 shares	Holding company	3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD
Equitix Rory Midco Limited*	47.74%	1,000,000 ordinary £1 shares	Holding company	3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD
Equitix Rory Limited*	47.74%	1,000,000 ordinary £1 shares	Holding company	3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD
DEKA Energy Associates Limited*	47.74%	1,000,000 ordinary £1 shares	Holding company	1 Bartholomew Lane, London, England, EC2N 2AX
DEKA Energy Enterprises Limited*	47.74%	1,000,000 ordinary £1 shares	Holding company	1 Bartholomew Lane, London, England, EC2N 2AX
Firmus Energy (Distribution) Limited*	47.74%	1,000,000 ordinary £1 shares	Distribution of Natural Gas	1 Bartholomew Lane, London, England, EC2N 2AX
Firmus Energy (Supply) Limited*	47.74%	1,000,000 ordinary £1 shares	Supply of Natural Gas	1 Bartholomew Lane, London, England, EC2N 2AX

\*These investments are held indirectly

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**EQUITIX MA 10 CAPITAL EUROBOND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**20. POST BALANCE SHEET EVENTS**

There were no significant events or transactions following the Balance Sheet date.